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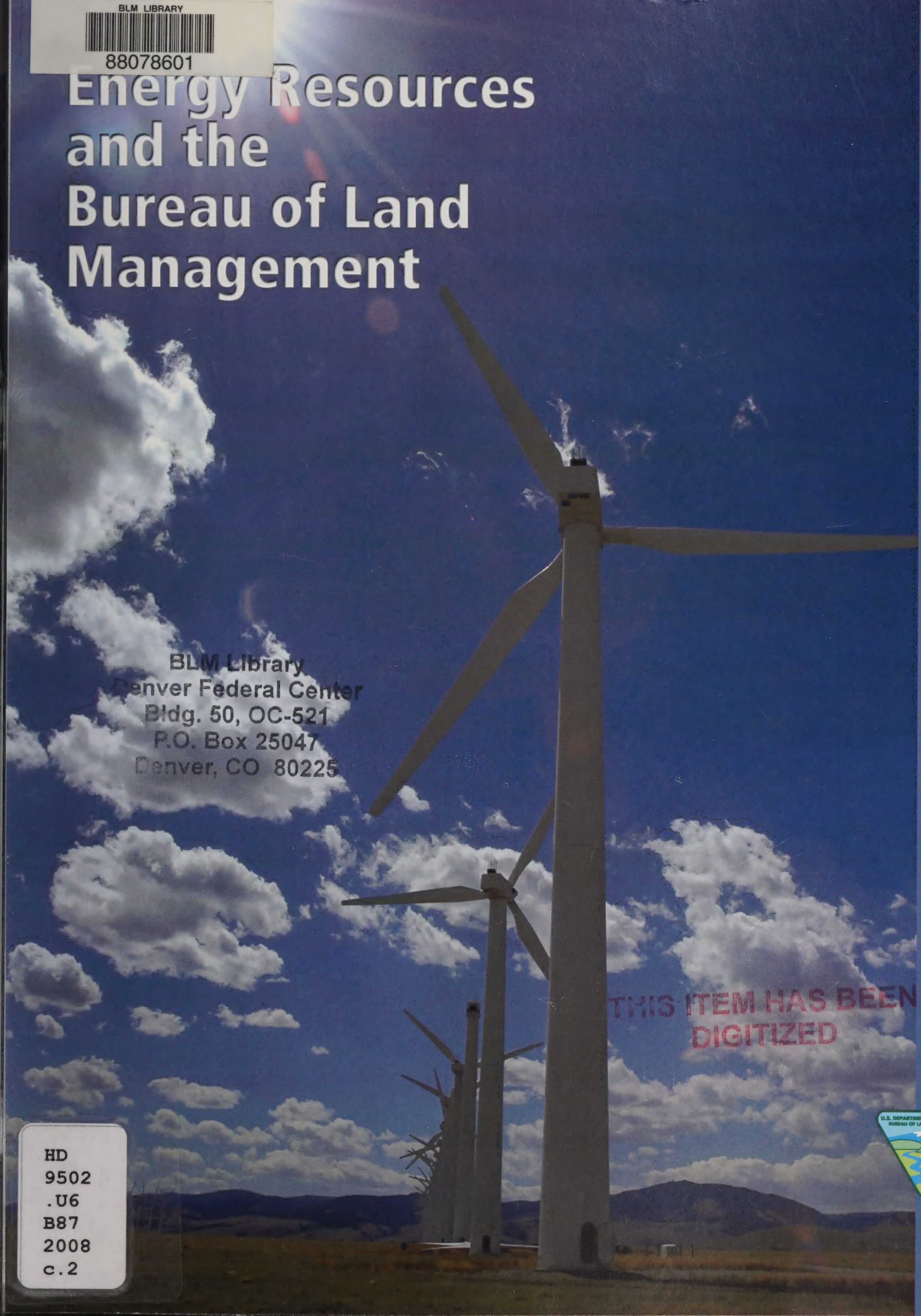
Energy Resources and the Bureau of Land Management



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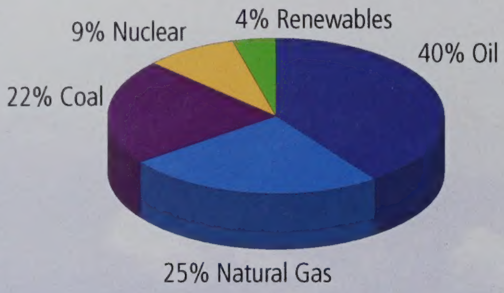
U.S. DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

The quality of American life depends on stable, inexpensive, and readily available supplies of energy. Energy heats and cools our homes. It fuels our ambulances, fire trucks, ships, and airplanes. It powers the companies that create jobs and the agricultural economy that feeds our Nation and the world.



U.S. energy consumption is shown by percentage of resource. Oil and natural gas combined account for 65% of U.S. energy consumption. Fossil fuels account for 87% of U.S. energy consumption.

One-third of all energy produced in the United States comes from resources managed by the U.S. Department of the Interior. In response to the President's call in the 2007 State of the Union address to increase domestic production as a means of reducing our reliance on foreign oil, the Department of the Interior has been working to increase energy production in environmentally responsible ways on America's lands and waters that hold significant Federal energy resources. Several of the agencies organized under the Department of the Interior play a role in promoting domestic energy production, including the Bureau of Land Management (BLM). Among these eight agencies, six have responsibilities related to the development of renewable energy.

The BLM manages about 258 million surface acres of public land located mostly in 12 western States, including Alaska. The BLM also administers 700 million acres of subsurface mineral estate throughout the Nation. The BLM's multiple-use mission is to sustain the health and productivity of the public lands for the use and enjoyment of present and future generations. The BLM accomplishes this by managing such activities as outdoor recreation, livestock grazing, mineral development, and energy production and by conserving natural, historical, and cultural resources on the public lands.

Under its energy program, the BLM manages the leasing and permitting of federally owned onshore oil, gas, coal, and geothermal resources. The BLM also manages the siting of wind and solar energy structures and the contracting of biomass resources on BLM public lands.

U.S. energy production on Federal lands is derived from the following resources: coal—40%, natural Gas—11%, oil—5%, geothermal —48%, and wind—3%.

Oil and Gas

- **Leases**—In Fiscal Year (FY) 2006, the BLM issued 3,985 new oil and gas leases covering 4,675,026 acres. In FY 2007, the BLM issued 3,392 new oil and gas leases covering 3,692,422 acres. At the end of FY 2007, there were a total of 49,287 leases covering 44,228,806 total acres. Of these leases, 21,729 were in producing status covering 11,664,869 acres.

- **Revenue**—In FY 2007, onshore oil and gas bonus bid, rental, and royalty revenue totaled $3,174,689,881.

- **Deferred Acreage**—The acreage deferred from oil and gas leasing for more than four quarters totals 3,736,978 acres.

- **Applications for Permits to Drill**—In FY 2006, the BLM approved 7,745 Applications for Permits to Drill (APDs). In FY 2007, the BLM approved 7,561 APDs.

- **Categorical Exclustions**—The BLM used the Categorical Exclusion (CX) provisions of Section 390 of the Energy Policy Act for 1,363 oil and gas actions in FY 2006 and for 2,346 actions in FY 2007. This results in a total of 2,433 actions and a total cost savings of approximately $9.2 million (at about $2,500 per CX).

- **Lease Exemptions**—The BLM granted 601 oil and gas lease stipulation exceptions and 18 lease stipulation modifications in FY 2006.

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A lease stipulation exception is a one-time exemption for an individual APD. A lease stipulation modification applies to an entire lease. No waivers (permanent exemptions) of lease stipulations were granted in FY 2006. Information on FY 2007 lease stipulation exceptions and modifications is not presently available.

- **Energy Policy and Conservation Act**—In 2003, an Energy Policy and Conservation Act (EPCA) report inventoried Federal oil and gas resources on about 59 million acres in five basins in Montana, Wyoming, Utah, Colorado, and New Mexico. In November 2006, the BLM released an updated Phase II EPCA report that inventoried Federal oil and gas resources on about 99 million acres in 11 geologic provinces and basins and analyzed additional impediments and restrictions to development of these resources. The Phase II report identified 21 billion barrels of oil and 187 trillion cubic feet of natural gas in these basins. The Phase II report found that 24% of the land in the 99 million acres inventoried is accessible for oil and gas exploration and development under standard lease terms, 30% is accessible with restrictions beyond standard lease terms, and 46% is inaccessible.

- **Oil Shale**—The BLM has initiated an oil shale Research, Development, and Demonstration (RD&D) program on public lands and has issued five RD&D oil shale leases in Colorado and one RD&D oil shale lease in Utah. In addition, in December 2007 the BLM released a Draft Programmatic Environmental Impact Statement (EIS) for commercial leasing of oil shale and tar sands resources on public lands.

Coal

- **Coal Use**—Coal is used to generate about 50% of the Nation's electricity. The electric power sector accounts for about 92% of all coal consumed in the United States and is the driving force for the Nation's coal consumption. Coal from Federal lands accounts for about 23% of all electricity produced in the United States.

- **Coal Production**—In FY 2007, about 40% of U.S. domestic coal production was from Federal leases; in FY 2000, 36% was from Federal leases.

- **Lease Sales**—In FY 2000 through FY 2007, the BLM successfully held 39 coal tract sales, generating $2.275 billion in bonus bids. These sales provided 3.438 billion tons of minable coal for development to help meet our Nation's future energy needs.

- **Coal Leases**—As of the end of FY 2007, there were 298 Federal coal leases covering 466,943 acres.

- **Lease Revenue**—In addition to the sales from FY 2000 through FY 2007, the BLM managed Federal coal leases that produced 3.525 billion tons of coal and generated $3.437 billion in rent and royalties.

- **Coal Inventory**—The BLM, with the assistance of the Department of Energy and the U.S. Geological Survey, released a coal inventory report for the Powder River Basin in August 2007. The report identified 550 billion tons of federally owned coal in the Powder River Basin or approximately 58% of the total U.S. Federal coal resources. About 11% of the Federal coal acreage, containing about 6% or 32 billion tons of Federal coal in the Powder River Basin, is not available for leasing because of statutory or administrative actions.

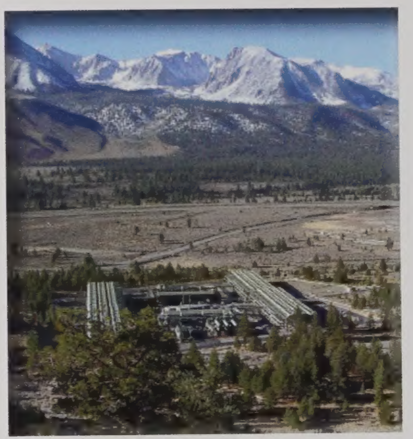
Renewable Energy

- **Biomass Strategy**—The BLM has developed a biomass strategy for coordinating with other agencies to increase the removal of excess woody debris from fire-prone forests and rangelands and put that biomass to use for electrical generation and other purposes.

- **Biomass Contracts**—Since the implementation of the biomass strategy, the BLM has offered for contract more than 200,000 tons of biomass

from public lands in FY 2006 and FY 2007—up from 70,000 tons in FY 2005 and 30,000 tons in FY 2004—predominantly through stewardship contracting.

- **Geothermal Leases**—Since 2001, the BLM has processed 291 geothermal applications; 25 applications were processed from 1996 to 2000. As of the end of FY 2007, there were a total of 439 geothermal leases covering 590,682 acres.



- **Geothermal Regulations**—The BLM issued final geothermal leasing regulations on May 2, 2007. The regulations were prepared pursuant to the provisions of the Energy Policy Act of 2005. The first competitive geothermal lease sale under the new regulations was held on June 20, 2007, and generated $9,407,209 in revenue from the sale of 5 parcels (8,902 acres) in Idaho and 3 parcels (6,017 acres) in Utah. Another competitive sale was held on August 14, 2007, and generated $19,659,821 in revenue from 43 parcels in Nevada and 6 parcels in California.

- **Geothermal Production**—The BLM manages 58 producing geothermal leases that provide geothermal energy to 34 power plants, produce 24.2 megawatt hours of electricity per year, and account for more than $12 million in revenue per year.

- **Geothermal EIS**—The BLM is presently preparing a Programmatic Geothermal EIS to support the processing of pending geothermal lease applications and future geothermal leasing.

- **Wind Energy Authorizations**—The BLM presently administers 161 wind energy right-of-way authorizations on the public lands in the western States. Most of these authorizations are for wind energy site testing. About 173 pending applications for wind energy site testing and development projects on public lands are being processed under a BLM Wind Energy Policy issued in August 2006.

- **Wind Energy Capacity**—The total installed capacity of wind energy on BLM public lands is about 327 megawatts from 24 authorizations in California and 1 authorization in Wyoming, covering a total of about 5,000 acres. An additional wind project approved in Idaho in August 2006 has not yet been constructed.

- **Wind Energy EIS**—The BLM completed a Programmatic Wind Energy EIS in 2005, amending 52 land use plans in nine western States that identified the development of more than 3,200 megawatts of wind energy on BLM public lands in the next 20 years—enough to provide electricity for nearly 1 million homes each year.

- **Solar Energy**—No commercial-scale solar energy structures are authorized or operating on BLM public lands. However, 127 applications for solar energy projects are pending on public lands in Arizona, California, Nevada, and Utah. These applications involve a variety of solar technologies and are being processed under a BLM Solar Policy issued in April 2007. The BLM is presently working with the Department of Energy on the preparation of a Programmatic EIS for solar energy development on the public lands.

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Would you like to know more about how the Bureau of Land Management is providing energy for America's future? Visit the following Bureau of Land Management Web site:

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